

we will consider in this Congress. Without it, this bill will not be reform. It will be highly destructive and should not be signed. With it, it will go a long way to fundamental bipartisan reform legislation to which President Clinton should proudly affix his signature.

Mr. President, I yield the floor.

Mr. KENNEDY. Mr. President, how much time now remains on this side?

The PRESIDING OFFICER. Thirty-five minutes.

Mr. KENNEDY. For the proponents.

And how much for the other side?

The PRESIDING OFFICER. And 91 minutes for the opponents.

Mr. KENNEDY. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### PREMIUMS UNDER REPUBLICAN MEDICARE PLAN

Mr. KENNEDY. Mr. President, the Republican secret plan for deep cuts in Medicare will finally be unveiled, we are told, this Thursday. Yet, only 4 days before the announcement, the Republican disinformation campaign about what their program will mean for senior citizens is still in high gear.

Before the 1994 election, the Republicans said they were not planning to cut Medicare at all, but their budget resolution provides for an unprecedented \$270 billion in Medicare cuts. After the budget resolution was adopted, the Republicans said the cuts would not hurt senior citizens. That pledge was preposterous on its face since cuts of that magnitude would obviously have a substantial impact on millions of elderly Americans.

Now our Republican friends are beginning to reveal the true impact. Yesterday, on "Meet the Press," the Speaker of the House of Representatives stated that the Republican plan would require the part B premium for Medicare to be set at 31.5 percent of program costs. He claimed that this program would cost senior citizens an additional \$7 a month. He also said that the premium increases under the Republican plan are not in any way unreasonable.

The facts are otherwise. According to the independent actuaries at the Health Care Finance Administration, if the premium is set at 31.5 percent of cost as the Republicans propose, the monthly premium will go up to \$96 a month, an increase of \$37 a month compared to current law, not \$7. On an annual basis, seniors will have to pay an additional \$442 in the year 2002, a premium of almost \$1,200 a year, more than twice as much as they pay today. That is from the Health Care Finance Administration. Those are their estimates.

Over the life of the Republican plan, each senior citizen will have to pay an additional \$1,750 in Medicare premiums. Each senior couple would pay \$3,500 more. These numbers are approximate because they are based on cur-

rent projected spending under Medicare part B. They will undoubtedly change somewhat when the full Republican plan is finally laid out to the American people. Estimates by the Congressional Budget Office may even be higher.

However, the basic point is clear. We are not talking about senior citizens paying a few dollars more for Medicare. Under the Republican plan, senior citizens will be asked to pay thousands of dollars more for Medicare in order to fund a Republican tax cut for wealthy Americans.

That additional burden is unreasonable and unfair, and I believe the American people will reject the Republican plan. I urge the Congress to do so as well.

Mr. President, these figures that I am quoting are the result of the Health Care Finance Administration and their actuaries from their evaluation of the Republican plan.

#### FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I have been listening to my colleague from Massachusetts very carefully, not only on the child care amendments but also on capital gains, on the so-called Republican amendment, and how Medicare is going to be so seriously hurt if the Republican approach is taken.

I do not think it is a Republican approach. It is a pro-American approach. Right now, I do not know of anybody who does not agree that Medicare is in serious financial condition and faces bankruptcy early in the next century.

As of next year it starts to go broke. By the year 2002 it will be broke, and 37 million Americans will be the losers. I do not know why we have to make this so partisan because I have to say the Democrats have basically been virtually in control of Congress for all of the last 40 years, every year that Medicare has been in existence. And here we are today with Medicare's financial crisis.

Now, rather than complaining about efforts to try to save it, it seems to me they ought to pitch in and help us. The fact is, if we do nothing but throw authorized dollars that are not there, it is not going to solve the underlining problem. And under the approach that the House Members are taking, Medicare is going to increase 6.4 percent each year. Not only increase 6.4 percent, but the average payment under Medicare is currently \$4,800 a year per senior and that will increase to \$6,700 by the year 2002.

Clearly, nobody is cutting Medicare. The 37 million-plus beneficiaries who currently are on Medicare will continue to be taken care of. And, the program will be there for the rest of us in the future. The American people understood this when they, for the first time

in 40 years, put Republicans in control of the House of Representatives. The American people knew that if they kept business as usual by keeping Democrats in control—who believe the answer to everything is the Federal Government—then we would never solve Medicare's financial situation.

And Medicare is soon going to be broke if it is not fixed. And the Medicare trustees' April 3, 1995, report on part A, the Medicare Hospital Insurance trust fund, under the most likely scenario, would be bankrupt in 7 years by the year 2002. It will begin running a deficit as early as October 1 of next year. The average two-income couple retiring in 1995, according to the Trustees Report—and four of the six Trustees are Clinton appointees—will receive \$117,000 more in Medicare benefits than they paid into the Trust Fund during their working lives. Now, I do not have any problem with that as long as we have a fiscally responsible approach to solving the problems. So Congress will save Medicare, not by cutting it, but by slowing its rate of growth. This is based not on rhetoric but on the Congressional Budget Office analysis.

The Budget resolution proposes to increase total Medicare spending from \$181 billion in fiscal year 1995 to \$276 billion in fiscal year 2002—an increase of \$96 billion or 52 percent overall.

As I said, the Budget resolution proposes to increase the amount spent per beneficiary from \$4,800 in fiscal year 1995 to \$6,700 in fiscal year 2002. That is \$1,900 per person on Medicare or a 40 percent increase over that 7-year period. Congress will increase spending over 7 years by \$355 billion more than if it were held at its current level. That amount of increase is equal to twice the total amount that will be spent on Medicare this year.

Who is kidding whom? It is nice to get up and harangue about the fact that we have to restrain the growth of Medicare. It is not a cut; it is a reduction in growth. We cannot just assume that Medicare is going to continue to run off the charts at 10.4 percent every year. That is totally unrealistic. It would bankrupt Medicare and jeopardize the program for future generations.

That is why we experienced a change in congressional leadership in the last election. The American people, in despair, realized that the only way they will get this problem under control is to get more moderate to conservative leadership in the Congress. That is what they did in voting for Republicans the last time.

Spending, as I said, is going to increase by 6.4 percent each year for the next 7 years if the Republican budget resolution proposal is adopted. The slowed spending rate is designed to save Medicare—not to balance the budget or pay for tax cuts. If the budget were balanced today, Medicare would still be broke tomorrow. Medicare's trustees, three of whom are members of the Clinton Cabinet, have

made this clear, but the President refuses to admit it. And so apparently do others here in the Senate.

Medicare reform is not related to Congress' promise of tax relief for America's middle class. Clinton's charge to the contrary is hypocritical. His own budget combines slow growth in Medicare spending with \$110 billion in tax cuts. So who is kidding whom? Let us quit playing politics. Let us do what is right for Medicare and the American people. We have got to restrain the growth of this program and we have got to do it now. And that means, in part, some people are going to be means tested, and some of us are going to have to pay slightly more Part B premiums.

I think President Clinton and those who support him and who are playing politics with this are playing politics with our senior citizens' health. Rather than focus on Medicare's problems, you do not hear any solutions from these people who have controlled Congress for 40 years and who will control the White House for at least another 1½ years. You do not hear any solutions from them. Rather than focus on Medicare's problems, its impending bankruptcy, President Clinton seems to want to have us focus on politics and exaggerate spending differences between his and the Republican's plan.

When I hear that the Republicans want to hurt Medicare so they can fund their tax cuts for the wealthy, who is kidding whom? If you look at the Republican tax cuts, they primarily benefit the middle class. So let us not kid each other. And let us quit playing politics and start facing the facts and work together to solve this problem while, at the same time, developing prudent tax policy that encourages growth, economic development, and jobs enhancement rather than encouraging the growth of Federal spending.

A comparison of CBO's estimate of Congress' plan and the President's own estimation by the Office of Management and Budget of his plan shows the spending differences to be minuscule. Medicare spending will increase under both the President's and Congress' plan, assuming Congress will pass it.

Let us call it the Republican plan, if you want, because right now that is fair. However, there are going to be Democrats who support it who are as concerned about the future of Medicare as are Republicans who now know that reform is inevitable. It is apparent that Medicare spending cannot continue at current levels if the program is to survive for future generations of Americans.

And what is this rhetoric that cutting taxes is to take care of the wealthy? Proposed tax cuts are based on responsible reasons just as the Republican Medicare reform proposals are based.

And, in fact, President Clinton's current budget is closer to Congress' than it is to the first one he proposed just 4 months earlier. The Clinton budget

would spend 7.4 percent more every year for the next 7 years. Congress would spend 6.4 percent.

(Mr. DEWINE assumed the chair.)

Mr. HATCH. Mr. President, also, according to the Senate Budget Committee, Federal benefits spending is going to grow by 6.4 percent. The difference between Congress' plan and the President's—1 percent—is well less than the difference between projected spending under current law—CBO says 9.98 percent—and the President's plan, a 1-percent difference. Yet, we hear this rhetoric that the Republicans are going to ruin Medicare and that they are going to take money away from the poor and give it to the rich. That is simply not true, and it is time for those who make those allegations to become more responsible and to stop misleading the American people.

True, the Republicans restrain the growth slightly more than the President's proposal, and I think there is a case, a very important case, to be made that is an appropriate thing to do.

The reform differences are crucial, however. Under Congress' budget, the problem is identified. Medicaid will be saved, and the budget will be balanced. That is the difference. The problem is identified, Medicare will be saved, and the budget will be balanced under the Republican approach. I should say, the Republican—with moderate/conservative Democrats—approach to solving the problem. Reform will mean Medicare is not only secure for the future but strengthened with more choices, less waste, and less abuse.

So I felt I had to make a few comments about this issue because of some of the comments made by several of my dear colleagues.

I would like to thank the distinguished Senator from Connecticut and the distinguished Senator from Massachusetts, both of whom are close and dear friends of mine, for their kind words about my involvement in the enactment of the child care development block grant. I do, indeed, consider this landmark legislation. I was proud to have played a role in its passage, and I have to say that working with my friends, the Senators from Connecticut and Massachusetts, as well as Senator MIKULSKI from Maryland, to accomplish this legislation was certainly one of the highlights of my last term in the Senate.

I agree with the thrust of the Senator's amendment in this case. I agree that we need more money for subsidized child care. I do not think anybody can disagree with that. The figures just show we need more money, not only to enable those on welfare to get off, but also to enable those who are working but have low income to stay off welfare.

I personally believe that child care is one of the key components to the reduction of welfare rolls in virtually every State. These points are well made, they are well taken, and I do not know many Senators in the Senate

who would disagree with them. I have to say that if the distinguished Senators were suggesting the mere addition of funds to the CCDBG, the child care development block grant, or to the child care carve-out that I am suggesting in title I, I think it would be a pretty tempting proposition. But I have several reservations about this approach. I am going to keep an open mind as we debate it, but I still have several reservations.

First, it is a separate program, a new separate program established completely apart from title I. I believe we need to delineate funds for child care under the welfare program, and the reason we do is because if you just block grant them to the Governors, children do not vote and it becomes too easy to use those funds for other children's programs. That is a pretty wide array of programs, some of which may or may not benefit children and may or may not benefit them very much, if at all.

So I think we do need to delineate funds, but I do not believe the two efforts should be so completely separated that they cannot be effectively coordinated. I believe this is particularly important if we want to reduce the strain on the CCDBG, the child care development block grant, to provide child care for a welfare population at the expense of services for the working poor.

Second, one of the primary purposes of this block-grant approach is to simplify things for States. We want to spend less on bureaucracy at all levels and more on services at all levels. So I see no reason for a separate State application and a different format, which is what this amendment does. It just adds more bureaucracy, more Federal control, less money, less services, even though they are adding 6 billion new dollars.

Third, while I certainly appreciate what I take to be an effort of flexibility, I think subsection (e) is a little too flexible. Here I believe it is appropriate to specify that the use of funds are exclusively for child care services, not for a whole host of other child-care-related functions performed by States and localities.

Along this line, I would like to see some indication that parents will have a full array of child care options. My amendment, which we will take up later, states that "eligible providers" are centers, family-based or church-based.

Then, finally, there is the dreaded "M" word, and that is "money." As I stated earlier, I agree that an excellent case could be made for child care funding. In fact, I will be using similar arguments about the need for child care during my presentation on my amendment to split child care funding out from title I funding. I hope I can deliver my statement with as much passion as the Senator from Connecticut and the Senator from Massachusetts have done, because I wholeheartedly

believe that we must enable parents to access safe, affordable child care.

The problem that I have with a quarter-billion-dollar add-on in the first year and a ballooning of that add-on to more than \$3.7 billion in the year 2000 is that unless the Appropriations Committee has been holding out on us and has a money tree somewhere that can grow an additional \$6 billion between now and the year 2000, I just do not think that it is very wise or even fair to authorize this money and pretend that it is going to materialize. Sitting on the Finance Committee, I have to tell you, the Finance Committee already has to come up with almost \$600 billion in savings over the next 5 years.

I think an authorization should be realistic. It creates an expectation among the States, local governments, and potential recipients of this child care assistance, and we should not be promising that which we cannot deliver, and we cannot deliver at this time an additional \$6 billion on top of the moneys that we have. I wish we could. If we could, I would certainly be in favor of doing it.

For those who work on these very crucial money committees, like the Finance Committee, I have to tell you, there are a lot of programs that are going to have to pay their fair share. I wish they could all be funded to the fullest degree. It is a lot more fun to spend money than it is to conserve, but there comes a time in everybody's life when they have to conserve, where they have to live within their means, where they have to try and balance budgets, and this is that time. We cannot continue on the way we are going.

It is not enough to believe child care is the right thing to do; we have to make it happen as well. I do have these problems, among others, with my friend's amendment today. It is a matter of great concern to me, because as everybody knows, I take a very strong and vital interest in child care and have from the beginning and would like to think I played a significant role in passing the Child Care Development Block Grant Act, which I think was long overdue.

I suggest to my colleagues who agree with both the Senator from Connecticut and me that child care is an essential component of this bill that they will have an opportunity later on in this debate to support a carve-out for child care within the title I block grant.

I have offered my amendment, and I will be bringing it up during the debate. I do believe that Senators will find that the Hatch child care amendment is more workable and more viable as an alternative in the overall context of this welfare reform bill.

That is not to disparage the efforts of my friends, because like I say, if the moneys were there, if we had a reasonable chance of getting those moneys, if we really go could go out and find them somewhere, certainly I would be very much in favor of trying to do that. But

I am not in favor of creating an additional program to be run by HHS. The purpose of this is to block grant the funds to the States and let the States use less bureaucracy and get the moneys to the people who really need them—they claim they can do it better, and I have no doubt about that—than if we launder it through the HHS, this humongous bureaucracy bank that eats it up as fast as we launder it through.

I should say there are some differences between our amendments, and maybe I will speak on that later. I cannot find fault with anybody who feels deeply about this, arguing for this amendment. I know my friends from Massachusetts and Connecticut feel very deeply, as do I, about the whole issue of child care. We fought together on this floor for it, and we fought a very difficult battle, which was very costly to some of us. I would do it over again. But I also think we have to look at reality, too. I just plain do not want to start another separate child care program when we have one that is working very well right now, that we fought for and gave a lot for and have seen work well once it was enacted.

Mr. President, I feel so deeply about child care issues. I feel deeply about the single heads of household—primarily women, who do not know where to turn, who really cannot work because they worry about their children. I worry about latchkey children, who do not have anybody to supervise them at home. I worry about 6- and 7-year-olds watching over babies. These are all important points.

I think we should carve out and make it clear that we are going to protect these people who do not have votes right now, because over the years, as we have been concerned about our seniors—and rightly so—the bulk of the money is going to seniors because they vote, and the people who are being left out are children because they cannot vote. That is why I think we should have a carve-out so they have to use this money for child care and for the purposes of child care. But I do not think we should be sending messages that we have \$6 billion when we do not. There is no real reason why we are going to have it.

Having said that, Mr. President, I suggest the absence of a quorum—I withhold that.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I yield myself 5 minutes. I know there are others of our colleagues who want to speak on this issue. I want to respond very briefly to some comments that my friend and colleague from Utah made with regard to the Medicare issue.

Of course, as the Senator from Utah knows, it is not part B of Medicare that is in trouble now, it is part A. That is the part of the Medicare system that needs focus and attention.

The increase in the premiums that the Speaker has talked about and that is part of the Republican program is in the part B program. That is important to understand right at the outset.

We saw earlier in the year where the Republicans in the House of Representatives took \$87 billion over ten years out of the Medicare part A trust fund in order to support their tax fund program. And still they continue to advocate for \$245 billion in tax relief, while they are cutting Medicare \$270 billion. So while Medicare part A is the part that is in difficulty, it is part B that we are going to have the increases in. But part B is not subject to bankruptcy, from a statutory point of view. That is important to understand. Again, it is part B where we are going to see the dramatic increases. Under the Republican plan, individuals will have to pay an additional \$442 in the year 2002—a premium of almost \$1,200 a year. These increases will cost individuals about \$1,750 more in Medicare premiums over the life of the program, which means each senior couple will pay \$3,500 more.

I just say, in response to my friend and colleague, that it does very little good, at least to the seniors in my State, to say, well, we are increasing the amounts which we are expending for you in terms of Medicare, but we are not increasing them to the extent to cover your health care needs, as we have in the past. And you are going to have to pay some \$3,500 more. Maybe the seniors in Utah have a different reaction than the seniors in Massachusetts. People have paid into the Medicare system; they are working families. Two-thirds of them are making less than \$17,000 a year, and \$3,500 is a great deal of money for any family, any middle-income family and any retirees. And to say to the seniors, well, we are raising the expenditures on Medicare, but not the amount to cover the same range of health care services to the extent of \$3,500 to the seniors in my State. They say that is a cut.

Here is the final point I will make with regard to the Medicare. First of all, we find that the statement the Speaker made with regard to a \$7 a month increase in the part B premium is absolutely wrong. According to the Health Care Financing Administration, the monthly premium will go up to \$96 a month in the year 2002, an increase of \$37 a month, not \$7 a month.

So it is important that seniors understand, as this debate takes place, what the facts are. There is going to be up to \$37 a month increase, not \$7 a month increase, in the year 2002 alone. And individuals will pay \$1,750 more over the next 7 years of the program and couples will pay \$3,500 more. So the argument that we will be raising the reimbursement falls flat to the seniors of my State that will be paying that much more—\$3,500 more—over the next 7 years.

Finally, it is important in health care to understand what has been going

on in Medicare over the last 10 years. The fact is that Medicare, per patient, has not increased as much as in the private sector. We understand that. The increases in Medicare for treatment has not increased as much as the cost for the treatment of those that are not in Medicare. The increase in the costs, therefore, are a result of the Congress not acting to hold costs down. And to say to our senior citizens that it is just too bad that you are paying more out of your pocket because we in Congress refuse to come to grips with the escalation of health care costs, I find to be an unsatisfactory way to approach this situation.

Mr. President, I daresay we will have more of a chance to deal with and discuss the Medicare issue. I think it is obviously an overarching, overriding issue, because it involves the social compact which is a part of Social Security. Social Security and Medicare are part of one single contract. We heard a great deal around here about how we are not going to cut Social Security, but somehow that promise did not, for some reason, extend to Medicare. And now we have seen at the beginning of that debate, which will continue over the period of these next few weeks, serious misrepresentations in terms of the costs for our seniors. That is a disservice to the debate and discussion which needs to take place.

So, Mr. President, finally, let me just say this regarding the Senator's comments on the child care proposal. As the Senator from Connecticut and I have stated during the course of this debate, the provisions in the child care and the discretionary program would not be law today if the Senator from Utah had not supported those provisions.

That was at a time when we had real renewed attention and focus on the issues of children. It was at a time we were debating the Family and Medical Leave Program on which my friend and colleague, the Senator from Connecticut, Senator DODD, was a leader up here, as well as on the child care program where, again, he, Senator HATCH, Senator KASSEBAUM, and others were the real leaders.

When he speaks and expresses his commitment and concern, all who have been a part of this whole process respect that.

The only point I make is that we are, in characterizing this amendment, as the Senator provides \$1 billion for earmarking for the child care program in a way that it will work its way through the block grants to the States and through the State organization, we have accepted that same approach in terms of the Dodd-Kennedy increase in funding.

We are following identically the same kind of process. The difference is we will meet the responsibilities to the increased demand for child care, we think. We all respect the approach of the Senator from Utah that falls far short.

Mr. President, I see my friend here from Minnesota. I expect the Senator wants some time.

How much time remains?

The PRESIDING OFFICER. The Senator has 21 minutes and 22 seconds.

Mr. KENNEDY. I yield 6 minutes to the Senator from Minnesota.

Mr. WELLSTONE. I thank the Chair. I say to my colleague from Massachusetts that I will not use any of this time to talk about health care, but I do want to associate myself with his remarks. I think we really will have a nationally and historically significant debate about Medicare and health care policy soon which will be extremely important for this Nation.

I hope people throughout the country are very engaged in this debate.

Mr. President, I ask unanimous consent that I be included as an original cosponsor of the Kennedy-Dodd bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WELLSTONE. Mr. President, this amendment would provide a direct spending grant to States of \$11 billion over the next 5 years, which is precisely the amount that HHS estimates the child care would cost under the Dole bill.

I say to my colleague from Utah and I say to the rest of my colleagues, as well, that you cannot have real health care reform, as opposed to what I describe as reverse reform, which is what we have right now with the Dole bill, unless you have a commitment to family child care. This amendment really invests the necessary resources.

Mr. President, there have been any number of different studies in Minnesota, and I cite one study by the Greater Minneapolis Day Care Association in 1995. I am not even going to go through all the statistics because sometimes I think our discussion on the floor of the Senate becomes too cut and dried when we just focus on statistics.

The long and the short of the study is that there are many families, single-parent and two-parent families, that really are doing everything they can to get on their own two feet and be able to work. The problem is affordable child care.

In cases of a single-parent family—and when we talk about welfare families, we are talking in the main about a family with a woman as a single parent. I wish men would accept more responsibility. I know the Chair agrees with me 100 percent on that. In the case of a single-parent family welfare mom, quite often the pattern over a period of time is that a mother will move from welfare to workfare. But then what happens is the cost of child care is so prohibitively high or it is just so difficult to find the child care in the first place, or the child becomes sick for a week and the mother loses her job, you name it, that she has to then go back to welfare.

I am all for the welfare reform. Guess what? It is not just Senators that are

for the welfare reform. The citizens that are most for real reform as opposed to something which is punitive and degrading are the welfare mothers themselves, the ones who all too many Senators have been bashing for the last week and a half.

Mr. President, this amendment is extremely important. If we want to have the reform, we have to invest the resources into affordable child care.

Mr. President, I noticed there is a provision now in the Dole bill which I think is interesting and I think it is relatively important, which essentially says, as I understand it, that if, in fact, the State does not allocate the money or does not have the resources for the affordable child care for the mother, then the mother would not be sanctioned by not taking a job and going into the work force.

That makes a lot of sense because these mothers, like all parents, are worried about their children.

By the way, Mr. President, if we have silly cutoffs like 1 year, it does not make any sense. I am a father of three children, a grandfather of two, going to be a grandfather of three in the next month or so, and I can tell you that a child at 1 year and 1 week is not exactly ready to clean the kitchen, do the housework, stay at home alone, et cetera.

The question is, what happens to these small children? The last thing in the world we want to do is punish children.

This commitment of some resources to child care goes some way toward making this real welfare reform as opposed to reformatory; that is to say, something which is punitive and puts children in jeopardy.

The second point I want to make, Mr. President, with this provision that is now in the Dole bill, is that as I see it, if this provision is taken seriously, what will happen is a lot of this is just going to be at a standstill because as a matter of fact without the commitment of resources for child care, and we did not have that commitment of resources in the Dole bill—this amendment attempts to invest those resources—a lot of mothers will be in a position back in our States of saying with the long waiting lists already for affordable child care, without the resources to be able to afford it, these are low-income women, they will be able to say we cannot go to work because we do not know what will happen to our children, there is no affordable child care for our children, in which case according to the provision in the bill they would not have to go into the work force.

There is some good news to that, because I do not think we should coerce a mother into going into the work force. Taking care of children at home is very important work, whether it is a mother or a father. Without the child care, she cannot do it.

On the other hand, then, the whole promise of this reform of enabling welfare mothers, sometimes welfare fathers, to be able to work becomes a promise that is never fulfilled. This amendment goes a long way toward enabling us to fulfill that promise.

The PRESIDING OFFICER. All time has expired.

Mr. KENNEDY. I yield 1 minute.

Mr. WELLSTONE. Mr. President, in a minute, I cannot even do justice to the point I will try to make.

What has cropped up in this debate I think is a very interesting argument, which is all too often some of my colleagues will say, well, look, if you have a family with an income of \$35,000, maybe two parents, they are paying for child care, why should we talk about investment of resources for affordable child care for welfare mothers?

I do not know why we are paying off middle-income and moderate-income citizens versus low-income women. We should focus on what is good for the children.

The fact of the matter is our country has not made a commitment to affordable child care. It is a shame. This is a perfect example of where we could allocate some of the resources at the Federal level and decentralize it and let all the good things happen at the community level, at the neighborhood level—be it for low income, moderate income, middle income—with some sort of sliding fee scale.

That is really the direction we ought to go, not in the direction of not investing resources in child care and therefore putting mothers in a difficult position, and most important of all, punishing children.

This is a very important amendment which really kind of is a litmus test as to whether we are serious about reform as opposed to reformatory.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Connecticut.

Mr. DODD. Mr. President, if I might, let me inquire how much time remains?

The PRESIDING OFFICER. The Senator from Connecticut has 14 minutes and 18 seconds.

Mr. DODD. On the side of the Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Utah has 67 minutes and 22 seconds.

Mr. DODD. I would just inquire of my colleague from Utah if I might take 5 of his minutes? I am fearful he may not be on the floor, someone else may come over, and we will have run out of all of our time.

Mr. HATCH. I will be glad to yield 5 minutes to the Senator from Connecticut.

Should I say a few words first? Or I will be happy to wait.

Mr. DODD. No, go ahead.

The PRESIDING OFFICER. The Senator from Utah.

## THE CAPITAL GAINS DEBATE

Mr. HATCH. Mr. President, it is not quite on this subject, but since my friend from Massachusetts raised the issue I thought I would just spend a few minutes on it because it is something that is near and dear to my heart and I think near and dear to, really, those of a pretty good majority of this body.

One of the worst perceptions about the capital gains debate is that only the rich are going to benefit from a capital gains rate reduction. My friend from Massachusetts implied that and implied that those of us who are for a capital gains rate reduction are basically taking care of our good old rich friends. I do not have many rich friends. I have to say that I was born in poverty, came up the hard way. I am one of the few in this body who learned a trade, went through a formal apprenticeship program, became a journeyman and worked in the building construction trade unions for 10 years, putting myself through high school. I had to work to get through high school, college and law school. So I do not think it is a matter of rich friends at all.

The fact of the matter is, nothing could be further from the truth with regard to capital gains. In fact, Americans at all economic levels will benefit from increased growth. President John F. Kennedy once said, basically while he was enacting a capital gains rate reduction which proved to be very efficacious for our country, "a rising tide of investment lifts all boats." President Kennedy supported a capital gains cut because thousands of middle-class Americans would benefit from it.

In 1992, 56 percent of Federal income tax returns claiming capital gains—56 percent of those returns claiming capital gains—were from taxpayers with incomes of \$50,000 or less, and 83 percent came from taxpayers with incomes of less than \$100,000. Almost all of them came from people who earned less than \$100,000. But, again, keep in mind, 56 percent came from those who earned less than \$50,000. Only the rich?

The preferential capital gains tax benefits every American who believes in the American dream, who is willing to take a risk for a long-term reward. Millions of American families that own farms or small businesses will benefit from the capital gains tax. Yes, in 1 year of their productive lives, a husband and wife may have a high income, in the year they sell their family farm or small business. But that is one reason these statistics can be so misleading. The capital gains differential is just as much about Main Street as it is Wall Street. This amendment rewards risk taking and sacrifice, and that is the right thing to do.

The opponents of the capital gains tax rate cut argue that it benefits mostly the wealthiest income groups. This assertion is based on deceptive statistics. The income figures used in these statistics include the taxpayer's entire income, which includes the cap-

ital gain. This makes the capital gains tax cut appear to be a tax cut for the rich.

A far more accurate picture results when only recurring or ordinary income is considered. Let me give an example. An elderly couple living in Cache County, UT, has been farming on land they owned for 40 years. The land was purchased for \$50,000 in 1950. They decided to retire to St. George, UT, and thus, they sell their farm for \$250,000 after farming it for 40 years, having paid \$50,000 for it.

This couple has never reported more than \$35,000 of gross income on their tax returns in their life, never more than \$35,000 in any given year. But in the year of the sale of their farm, they report more than \$200,000 of gross income. Are these people among the very wealthiest income earners of our Nation? Of course not.

The Department of the Treasury statistics show that this example is not just the exception, it is the rule. If capital gains are excluded from income, only about 5 percent of tax returns containing long-term capital gains have incomes of over \$200,000. Only 5 percent.

A Treasury study covering 1985 shows that taxpayers with wage and salary income of less than \$50,000 realized nearly one-half of all capital gains in 1985. In addition, three-quarters of all returns with capital gains were reported by taxpayers with wage and salary income of less than \$50,000 in that year. So let us not kid anybody. Of course, those who are wealthy will benefit, but they generally put their moneys back into investments or into businesses, into creation of jobs and economic opportunity for others. So we should not begrudge the fact that they benefit as well.

But a huge, huge number of middle-class people benefit from capital gains rate reductions not just because they themselves have capital gains to pay taxes on, but because they benefit from the stimulation of the economy that occurs when money is rolled over and utilized in creating new jobs and new job opportunities.

A Joint Tax Committee analysis of the years 1979 to 1983 found that 44 percent of taxpayers reporting gains realized a gain in only 1 out of 5 years. This is the occasional investor, the home or business owner, who is realizing these gains. When we move beyond the class warfare rhetoric, we find that capital gains tax cuts help working Americans.

High capital gains taxes especially hurt elderly taxpayers. Capital gains for seniors average four to five times the size for capital gains for younger taxpayers. In fact, in any year more than 40 percent of taxpayers over the age of 60 pay capital gains taxes.

So, the fact of the matter is, it is deceptive to argue that capital gains benefit only the wealthy. They benefit everybody.

I believe if we cut capital gains, we will unleash some of the \$8 trillion in